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Global Agricultural Information Network

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Guatemala

Exporter Guide

Annual

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Report Highlights:

All sections of the Exporter Guide report have been revised, primarily to update economic data and import regulations.

Post:

Guatemala City

Executive Summary:**I MARKET OVERVIEW****A. Current Economic Situation**

Guatemala has Central America's largest economy, accounting for almost one-third of the region's gross domestic product (GDP). Agriculture is the principal contributor to the production of goods and the economy relies on the incomes generated by the tourism sector, remittances from the U.S. and international trade, especially exports of goods to the United States.

The World Bank reports that Guatemala has one of the most unequal income distributions in the Western Hemisphere. The wealthiest 10 percent of the population receives almost one-half of all income and the top 20 percent receives two-thirds to all income. As a result, about 32 percent of the population lives on less than US\$2 a day and 13.5 percent on less than US\$1 a day. The exchange rate has fluctuated significantly over the last twelve months and presently it is US\$1.00 per Q7.90 (Q=quetzal).

Guatemala's economy is dominated by the private sector, which generates about 85 percent of total GDP. According to a study made by the National Statistics Institute in 2012, the unemployment rate is at 2.9 percent a decrease from 2011 which reached 4.06 percent. The informal economy accounts for 75 percent of the working force and it is estimated that almost 6.2 million people are currently working in Guatemala. Agriculture contributes directly 13 percent of the GDP and accounts for 41 percent of total exports, industry accounts for 24 percent and services reach more than 60 percent of the country's GDP. Most manufacturing is light assembly and food processing, geared for the domestic consumption, exports to the U.S. and the rest of the Central American markets.

Guatemala ratified the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) on March 10, 2005 and the agreement entered into force on July 1, 2006. CAFTA-DR has had a positive effect on bilateral trade. In 2011, the U.S. exports to Guatemala increased almost 14 percent from previous year. The U.S. exported US\$1.04 million in agricultural, fish and forestry products to Guatemala; these export levels are considered record U.S. export sales to Guatemala according to the U.S. Bureau of the Census Trade Data. In CY 2011, much like previous years, bulk commodities represented the largest export category with a 43 percent share of the total U.S. agricultural exports to Guatemala; followed by intermediate and consumer-oriented products which had a 30 percent share of U.S. exports. For the first three-quarters of 2012, trade reached almost US\$653 million which is 7 percent below for the same period in 2011.

Besides CAFTA-DR, Guatemala has a free trade agreement with Panama, Mexico, the Dominican Republic, Peru, Taiwan, Colombia, Chile and European Union. In addition, it has partial free trade agreements with Cuba, Belize and Venezuela, and is still negotiating an agreement with Canada.

B. Demographics and Income Distribution

Guatemala's population is estimated at 14 million in 2011, with an annual growth of approximately 2 percent. The breakdown of the population follows the pattern of an underdeveloped country. According to CIA World Fact Book more than half of the population is below the national poverty line and 13 percent lives in extreme poverty. Poverty among indigenous groups, which make up 38 percent of the population, averages 73 percent and extreme poverty rises to 28 percent. The population of Guatemala City with its surrounding seven cities totals 3.1 million inhabitants. Approximately 42 percent of the population is less than 15 years of age; 54 percent of the population is between 15-64 years of age and only 4 percent is over 65 years of age. Internal migration towards Guatemala City has been constant over the last decades. The difference in population density between Guatemala City and the rest of the country is highly significant because it has determined the dynamics of economic and social growth of the nation. The department of Guatemala has a density of 1,376 inhabitants per square kilometer. The second densest department is Huehuetenango which has approximately 1,114,389 inhabitants followed by Alta Verapaz with a total of 1,078,942 inhabitants. The rest of the departments have lower than a million inhabitants. Within this framework, it is easy to understand why most economic activity in the country revolves around the metropolitan area. Guatemala City and its surrounding areas offer the biggest concentrated market in the country with an accessible infrastructure.

Income is concentrated in the middle class and above, about twenty percent of the population. The skewed income distribution determines a particular pattern of consumption, while the majority of the population consumes merely for subsistence. Therefore, luxury goods can only be targeted to a significant but small portion of society. However, U.S. food products are very competitively priced and are sought out by both high-income and middle-income consumers. Other U.S. food products such as grains, cereals, meats: poultry (chicken leg quarters) and pork, edible fruits and nuts, fats and oils, and preserved foods, are cheaper than domestically produced products.

Income segments:

AB - is the top 4 percent of the population, who can afford anything. The difference between A and B is that the A's are extremely wealthy.

C+ - is the upscale middle class that can afford most food products.

C- is the general middle class that must watch how they spend their income.

D- is the lower class that is just surviving.

E- is the population below the poverty line.

It is important for U.S. firms considering exporting to Guatemala to understand that the market conditions are strongly affected by income distribution and there is a major difference between the interior of the country (with the exception of the tourist areas such as Antigua Guatemala, Panajachel and Puerto Barrios) and Guatemala City.

C. Market Size

U.S. agricultural exports to Guatemala:

- Total U.S. agricultural exports totaled US\$1.04 billion in 2011.
- Bulk commodities grew from US\$311 million in 2007 to US\$447 million in 2011.
- Intermediate agricultural products grew from US\$204 million in 2007 to US\$313 million in 2011, an increase of 17 percent from 2010.
- Consumer-oriented products increased from US\$160 million in 2007 to US\$273 million in 2011, an increase of 126 percent from 2010.
- Seafood products increased from US\$2 million in 2007 to US\$4 million in 201.

Guatemalan agricultural exports to the U.S.:

- Total Guatemalan agricultural, fish and forestry exports US\$1.9 billion.
- Bulk commodities exports US\$767 million.
- Intermediate agricultural exports US\$79 million.
- Consumer-oriented exports US\$1.04 million.
- Seafood exports US\$36 million.

Guatemala's economy is the largest in Central America with a GDP estimated at \$75 billion in 2011.

D. Advantages and Challenges in the Market

Advantages	Challenges
Guatemala is a trustworthy partner of the U.S. on trade issues.	The economic condition of the country limits imports and is targeted mainly to the wealthiest 10 percent of the population who receives almost one-half of all income.
There exists a low cost transportation of goods thanks to the proximity with the U.S. ports.	Weakness to build confidence and improve the business climate in Guatemala.
In Guatemala, there are around 14,000 restaurants and 2,500 hotels which demand quality products. This creates an opportunity for new imported goods and ingredients.	The tourism sector in Guatemala is large but security is a concern and the local authorities have much to do to improve their security programs.
Importers are eager to take full advantage of CAFTA-DR and favor trading with U.S. exporters.	Free Trade Agreements (FTA's) exist with various countries, including one with the European Union (EU). These FTA's force the U.S. to be more competitive.
The growing food processing industry is looking for new and better food ingredients for bakery, deli meats, beverages and snacks.	There is limited infrastructure and distribution, especially for perishable products.
CAFTA-DR gives an opportunity for U.S. companies to introduce new products into the Guatemalan market.	A new customs law will be implemented in 2013 and there is uncertainty if new requirements for importing food products will be requested.
The Guatemalan Government (GOG) maintains an open trading policy.	Lack of a civil service career within the GOG, compliance with international standards, makes regulatory structures fragile and problematic.
Guatemala is unable to meet domestic demand for cereals (corn, rice) and meats.	Although in 2012, the Guatemalan Ministry of Agriculture finally approved the FGIS/GIPSA/USDA certification as equivalent to the Guatemalan Food Safety Certification for any product of plant origin certified by FGIS; now there are some re-classifications to the HS codes applied by the Customs Tax Administration (SAT) and importers are now being required to pay taxes which were exempted because of CAFTA-DR.

II. EXPORTER'S BUSINESS TIPS

A. Business Customs

The Guatemalan Government (GOG) welcomes foreign investment and generally few legal or regulatory restrictions are placed for foreign investors. Guatemala represents a growing market for U.S. companies and is a country with relative stability, has a strategic geographic access to the region on both the Atlantic and Pacific Oceans and is also very close to the United States. With the implementation of CAFTA-DR, one of the major benefits for U.S. exporters has been the legal changes that improve Guatemala's transparency in customs dealings, anti-corruption measures in government contracting and procurement, and legal protection for U.S. investors.

Most business conducted in Guatemala is based on personal relationships. Business executives and government officials place great importance on personal contacts with suppliers. U.S. suppliers should be prepared to have a local representative or distributor and be prepared to travel to Guatemala. U.S. businesspersons often are surprised at the accessibility to key decision-makers and the openness and frankness of local buyers.

Sales, service and support rank high in the minds of Guatemalan buyers. U.S. firms, more than other foreign firms, generally have a reputation for providing good service and support. U.S. firms interested in penetrating the Guatemalan market should make a commitment to offer excellent service support to their buyers, agents or distributors. This commitment should be made clear. Poor or mediocre service often results in lower sales. The Guatemalan business community is comparatively small and word travels fast about local and foreign firms that offer poor service support.

B. Consumer Taste

Culturally speaking, Guatemalans have adopted much of the U.S. culture such as music, sports, fashion and fast food. Through the remittances sent by the Guatemalans leaving in the United States, the local food consumption trend is changing and more high-value foods are affordable to them, and consumers are accustomed to U.S. products. Many Guatemalans have traveled to the U.S. and have been introduced to American food products. U.S. products are viewed by consumers as higher quality and are preferred to other imports.

Approximately 47 percent of all Guatemalan imports of agriculture, fish and forestry products come from the U.S. Guatemalans have also followed the trend in the U.S. towards more natural and healthy products and consumers are demanding food with less sugar, saturated fat and cholesterol. Convenience products have more demand and there is a niche market for refrigerated, ready-to-eat products and organic foods. The local processing industry is taking advantage of this trend and is developing and increasing the production of processed products such as tacos, tortillas, burritos, corn-based tamales, instant soups, etc. which are among the preferred foods in the supermarkets not only for being easy to cook/heat but also because of their lower prices as they are locally produced.

C. Food Standards & Regulations

1. Import Procedures and Product Registration

The first step to import food products in Guatemala is to register a product. Any producer, processor, packer, or distributor needs to operate under a sanitary license issued by Food Control. Importers need to be legally registered and imported products need to be registered as well. Product registration is required for all packaged food products in Guatemala.

Food Control in the Ministry of Public Health is responsible for all registrations. Regulations and

registration procedures and requirements can be consulted on-line at:
http://portal.mspas.gob.gt/indice_de_alimentos.html

As of 2010, the Government of Guatemala (GOG) requests that primary processed food products have the same registration procedure as end processed food products but additives do not need to be registered. The GOG has also set in place a mechanism known as "sanitary inscription for registered products", which allows for an extension option of already existing registries, under different companies.

For animal origin products, Food Control issues a sanitary registration number after a laboratory test has been performed; this registration number is valid for five years and takes six weeks to be issued.

For the other processed products, it takes approximately 7-10 days to obtain the registration number and laboratory tests will take place within routine surveillance, scheduled annually according to product category. If products do not comply with labeling standards or food safety parameters, importers will be notified as necessary. Non-animal products do not require a phyto- or sanitary certificate; a Certificate of Free Sales applies in this case. The Certificate of Free Sales is required for registration purposes only, and can be a federal or state document, or can be issued by a chamber of industry or chamber of commerce. The objective of the Certificate of Free Sales is to verify that the product is fit for human consumption in the country where it is processed. For registration purposes, the sample must come with the following documentation: a) Certificate of Free Sales, b) Bill of Lading, and c) Invoice (with any negligible quantity), specifying it is a sample only.

The Certificate of Free Sale can include a list of products to be registered, as long as all the products in that list are registered simultaneously. For example, if 20 products are to be registered at the same time, Food Control allows for one original certificate and 19 copies to accompany the rest of the products, since one complete file is kept per registered product.

The Vice ministry of Agriculture, Norms and Regulations (VISAR) of the Ministry of Agriculture, Livestock and Food Security (MAGA) is the authority that issues the import permit for all fresh food products in addition to some processed ones (flours, seeds used as ingredients, and other exceptions). Import procedures are readily available on-line at:
http://visar.maga.gob.gt/?page_id=396

VISAR has six units responsible for issuing import permits: Agricultural Inputs, Veterinarian Inputs, Phyto and Animal Genetics, Plant Health, Animal Health, and Food Safety. The Agricultural Inputs, Veterinarian Inputs, and Phyto and Animal Genetics are the units responsible for registration of pesticides, veterinary drugs, and seeds or animals. Government Decree 36-98 is the law governing plant and animal health. The Plant Health Unit is responsible to verify that the agricultural product complies with the country's phytosanitary requirements.

Please verify that the attestations in the sanitary and phytosanitary certificates comply with GOG requirements, consulting the "vudi" system, <http://portal.maga.gob.gt/vudi-web>. If the certificate cannot attest for required pests, it might not be considered valid and the shipment might not receive and import permit or worse, its entry might be forbidden, even if the shipment has arrived in a Guatemalan port. Please ask the importer to double check if the "vudi" requirements have been updated or are in accordance with hard copies of specific requirements available at the "ventanilla unica" ("One-Stop Clearance Window").

The general requirements to register food products are as follows:

1. Application for registration of food products
2. Certificate of free sales
3. Receipt of payment for laboratory analysis Q1,650 approximately US\$200.00
4. Provide the applicable amount of samples
5. Provide example of label design as it will appear on the product
6. An authorized translator must translate all documents.
7. The importer or a Guatemalan legal representative of the exporter must do the registration.

1. Customs Clearance

The Guatemalan Government introduced an automated electronic customs clearance system in 2001. This system was created to increase transparency in the procedure, but it has also created problems. When the computer reads that the import product is of animal or plant origin, it will automatically require that the following documents accompany the entry application: bill of lading, phytosanitary or sanitary certificate, certificate of origin, free sale certificate, packing list, commercial invoice, and import permit. Guidance document on the various SAT Customs regulations, PRO-IA-DN-UNP-04.01, can be found at: <http://portal.sat.gob.gt/sitio/index.php/aduanas/92-manual-de-procedimientos/7892-manual-de-procedimientos-de-la-intendencia-de-aduanas-de-la-republica-de-guatemala.html> All documents must be originals. Below is the procedure to acquire the import certificate and the order in which to proceed.

1. The procedure will start at the Ministry of Agriculture. All imported products of animal or vegetable origin have to pass by the "ventanilla unica" ("One-Stop Clearance Window"). The documents required are: phytosanitary or sanitary certificate or FSIS export certificate (for meat & poultry products), commercial invoice, bill of lading, certificate of free sale, packing list, and certificate of origin (applied for re-export products), and certificate of attestation for U.S. horticultural products. These may be copies, but in order to clear customs, the originals will be needed. An application form with the above mentioned forms must be submitted along with a fee of Q100, about US\$12.50, in order to receive an import permit. It is best to drop off applications before 10:00 am; if the shipment is perishable, the license will be ready for pick-up after 2:00 pm. For all regular shipments the license will be issued within 24 hours. This time frame usually holds if there are no problems with the documentation.

2. For processed foods and all products of animal origin, the "ventanilla única" will require that the application be signed and stamped by Food Control. This is done to verify that the product has a Sanitary Registration number. In addition, Food Control will also require a Free Sale Certificate in order to process the request. These certificates are generally issued by state health or agricultural departments, and certify for wholesomeness. The application and certificates are received and issued in the offices of Food Control (5a. Avenida 13-27, Zona 9, Guatemala City), office hours from 07:30 a.m. to 3:00 p.m. from Monday to Friday.

3. Food Control and the "ventanilla única" from MAGA will authorize the import permit and the product will be inspected by the Inter-Regional Organization for Plant and Animal Health (OIRSA). This is a regional inspection entity in Central America that has been delegated the responsibility of quarantine actions at custom borders by the Ministries of Agriculture of the region. Whether the imported product comes by air, land or sea, inspectors from OIRSA will be on site to assure that the paper work is in order. Then, inspectors perform a visual inspection of the imported products in order to authorize release from customs. In order to clear OIRSA, the original documents must be presented.

It is important that all quantities in all of the documents match. If not, clearing customs will be a major problem. Do not add boxes to a container once the documentation has been totaled, and always make sure that the totals on the phytosanitary or sanitary certificate equal the exact amount on the invoice. If there is any discrepancy, the container will be held and clearance will be extremely difficult. Also it is also recommended that the local importer verifies with SAT the correct Harmonized Tariff Code that applies to each of the imported product to avoid re-classification problems and unnecessary detentions at port.

U.S. exporters must always take into account that a tariff-rate quota (TRQ) system still applies to various commodities, with a 5 to 20 year phase-out period under CAFTA-DR. If you wish to look out for a particular product, you can visit

www.fas.usda.gov/info/factsheets/CAFTA/overall021105a.html Please visit the Foreign Commerce Administration Directorate (DACE) at the Ministry of Economy web site for detailed information on TRQ administration for Guatemala:
<http://www.mineco.gob.gt/ExplorarDirectorio.aspx?titulo=TituloAdministracionComercioExterior&subtitulo=En%20el%20Marco%20de%20la%20DR-CAFTA&llaveExploracion=Marco%20DR-CAFTA>

To request additional information and follow-up on approved and assigned quotas per year, you can visit Ministry of Economy website:

<http://dace.mineco.gob.gt/seleccioncontingentes.php?idtratado=5>

After the import certificate has been issued, this document is provided with all the above-mentioned documents to the customs official. The importer then pays the duties to SAT. Duty payment is done in the form of a deposit at either of the two banks that are approved, and the deposit slip becomes the proof of payment. After all this has been done, the shipment will be released. This final procedure is done at port of entry. There is still a possibility of a red or green light at the exit gate of the container. If a red light is received, there will be an additional review of both documentation and contents of the container. OIRSA might decide to take samples for quarantine pests, especially in the case of raw agricultural products and coarse grains. After the laboratory diagnosis is reported, fumigation might be required. It is recommended to request an "in transit fumigation certificate", to reduce the chances of OIRSA spraying shipments with methyl bromide. If a green light is received, the container is allowed to leave the yard.

3. Labeling Regulation

Labeling requirements are set by COGUANOR's labeling standard #34039. It sets 40 requirements with respect to the appearance of the label, what information should be on the label and stipulates that it must be written in Spanish. However, importers negotiated with COGUANOR and reached an agreement for a stick-on label to be used with the following information written in Spanish:

- Product definition/description
- Name of the product (This should be the official name as noted on the U.S. Certificate of Free Sale)
- Physical characteristics, including ingredients (This has to be a qualitative composition, which was indicated in the back of the registration form). If this information is in English, please translate literally.
- Net weight/volume
- List of ingredients (including allergens) and additives and the total percentage for each one
- Name, address and telephone number of the Guatemalan distributor
- Food Control registration number (D.G.S.S.-D.R.C.A. _____-Sanitary license obtained at a Center of Sanitation); the original license has to be presented. Approximate cost for

- each product: Q. 1,650.00 (Q=quetzal, the national currency).
- Country of origin
- Lot production identification
- Expiration date
- If applicable include "Keep Frozen" or "Form of Preparation"

For additional information please refer to the FAIRS Report 2012 at www.fas.usda.gov/scriptsw/attacherep/default.asp

III. MARKET SECTORS

A. Retail Sector

The retail sector in Guatemala is dominated by three supermarket chains: Pricesmart, Wal-Mart and Unisuper (La Torre/Econosuper.) It is estimated that only 40 percent of food sales are made through the supermarkets and the rest are divided between corner stores and open-air markets.

Smaller supermarkets began operations in the country and are trying to gain territory on the retail sector, but these supermarkets are more targeted to the middle low and lower classes. These are stores smaller than a regular supermarket and in consequence have smaller shelf space for their products.

These supermarkets are:

1) Super Elmar, S.A. is a family-owned company and has eight stores within Guatemala City. This supermarket has stores located within walking distance of residential areas and far away from the traditional commercial areas where most of the bigger supermarket chains are located. The company buys imported products from local distributors and is still not planning to import directly.

2) Comercializadora Gigante, S.A., also known as La Barata, has 10 stores which are mainly located nearby the open-air markets within Guatemala City and its surrounding areas such as Mixco, Villa Nueva and Amatitlan. They have very few imported products supplied by local distributors and more than 80 percent of their food items are locally produced goods.

3) Super Del Barrio started its operations in 2007 and by the end of 2011, had already 20 stores. The store offers daily discounts in food items and competes with the larger stores attracting costumers that live in the nearby residential areas.

4) Supermercado Los Tiburonicitos is also a family owned business that started operations more than 40 years ago and is still in business with four stores located in Guatemala City.

Supermarket sales are expected to continue to grow by at least 10 percent a year for the next few years. The rest of the consumers still rely on open-air markets and the mom and pop stores. The open-air market is where local farmers sell their products, mostly fresh produce.

They are similar to farmers' market in the United States. The mom and pop stores, also known as "tiendas de barrio", are small stores, on average 30 square feet in size, and carry an inventory worth approximately US\$500. Their major suppliers are distributors, wholesalers and importers, which also supply to supermarkets. However, they offer very few imported products.

Walmart Mexico y Centroamérica is Guatemala's largest supermarket chain. In 2009, Wal-Mart

Mexico bought 100 percent of Wal-Mart Central America's stock and become "Walmart de México y Centroamérica" it became Guatemala's leader supermarket chain, accounting for more than 9,000 direct jobs and approximately 4,500 indirect jobs within their 210 sale units in five different concept stores: Supertiendas Paiz (37), Walmarts (7), Despensa Familiar (145), ClubCo (2) and Maxi Despensa (19). Walmart is now importing directly around 85 percent of their food products including, produce, grains, processed foods and beverages. Walmart Guatemala has most of the purchasing decisions for the rest of the Central America stores and is interested in expanding the lines of imported goods at some of their high-end hyper and Paiz' stores.

UNISUPER is the second largest supermarket in Guatemala with 47 stores under the names of La Torre (39) and Econosuper (8). For the past two years, UNISUPER has been remodeling its stores and upgrading the Econosuper stores which are smaller and sell mostly domestically produced products and very few imported items. Their main goal is to have the same structure and quality service in all their facilities, regardless of the name of the stores and the sectors they serve. In the past, UNISUPER kept the individual names of the stores so that customers keep in mind that La Torre's stores cater to the more affluent sector, while Econosuper serviced the lower income customers.

UNISUPER is also a member of Supermercados de Centroamérica y Panamá – SUCAP (Panama and Central America Supermarkets.) SUCAP incorporates 16 different supermarket chains in Central America (approximately 279 stores), small, medium and large stores that are present not only in the larger cities but also in the rural areas. SUCAP's main objective is to keep its market share in Central America and to compete with Wal-Mart.

This alliance among these well-known Central American supermarket chains, will allow them to exchange and share their knowledge on software technology, to train their personnel, and to provide other market intelligence resources that will allow them to reduce prices and transfer lower prices to their customers.

The members of SUCAP are: El Machetazo, Super 99, Mega Depot and Super El Rey from (Panamá); Perimercados, Super Compro, Jumbo and Automercados (Costa Rica), UniSuper /La Torre (Guatemala), La Colonia (Nicaragua), Super Selectos and Super Market (El Salvador) and La Colonia (Honduras).

Trends and Highlights

- Supermarkets continue their expansion to other cities in the interior of the country and to some of the nearby areas within Guatemala City.
- Supermarket sales continue to grow and are still competing with wet markets and corner stores. For this reason, supermarkets are building stores closer to the residential areas to capture more costumers.
- Business people that live in residential areas outside the city limits have no option but go to a supermarket close to their homes for smaller purchases during the week.
- The membership discount club and bulk purchase concept have gained acceptance among consumers, as many find wholesale clubs much more suited for one-stop shopping.
- Going to the supermarkets is a family activity and therefore, marketing activities to promote new products during the weekends occur more often than any other day of the

week. Many products are sampled during peak hours to motivate and attract consumers.

- In the three major supermarkets in Guatemala, convenience and prepared foods are gaining ground as consumers try to reduce time spent preparing foods at home. Also, business people who do not want to spend money on fast-food restaurants for lunch look for prepared meals inside the supermarkets. A wide variety is found: from typical foods to roasted turkey. Most products are already cooked and served inside the supermarket.
- Overall, frozen prepared foods account for 10 percent of imported food sales. The product variety is very small and few frozen vegetables are found.
- There is a trend to eat healthy food low in calories and cholesterol. Most supermarkets have a diversity of dry, frozen and ready-to-eat products. Also, sugar and gluten-free products are expanding their shelf share and grow every year. These products include items such as yogurts, candies, jams, cookies and crackers.
- Supermarkets offer a variety of services under the same roof from bill payment services, coffee shops, deli stores to dry cleaning services.
- Walmart stores offer to high-end consumers' on-line grocery sales and home delivery.

B. Hotel, Restaurant and Institutions

Hotels

Almost 2,500 hotels operate in Guatemala and this number includes 3 to 5 star hotels located in Guatemala City, as well as the bed and breakfast hotels which are mainly located in the rural areas of the country. From the 2,500 hotels in Guatemala there is a total of 25,000 rooms available; the hotels occupancy is around 50 percent year round and it has been stable at that level for the past years, with the exception of last year when these numbers were lower.

Antigua Guatemala is the tourism site closer to Guatemala City and has more than 150 hotels from which 15 are boutique hotels. According to the Guatemalan Tourism Institute (INGUAT), close to 70 percent of the tourists that travel to Guatemala visit Antigua and in consequence it is considered the most important tourism area in Guatemala.

INGUAT reported that income from the tourism sector in 2011 totaled US\$1,350 million which represents around 1.8 million tourists that visited Guatemala. Weather conditions, bad infrastructure on the main roads to the tourism areas, security concerns and a slow economy contributed to a decrease of -2 percent of income from this sector from the previous year. This sector also contributes to 2.2 percent of the country's GNP. Guatemala City is the area where most 3 - 5 stars hotels are located.

In 2011 the highest number of travelers was from San Salvador totaling 542,316 followed by the United States with 429,216 visitors.

**TOURISTS IN GUATEMALA BY NATIONALITY
PERIOD 200-2011
NUMBER OF TOURISTS**



COUNTRY	2006	2007	2008	2009	2010	2011
United States of America	370,740	409,771	423,000	499,357	517,830	429,216
Mexico and Canada	79,731	86,466	92,905	105,456	127,691	175,380
El Salvador	582,676	617,798	647,568	507,802	485,888	542,316
Other Central America countries	231,847	266,495	288,036	384,894	447,929	387,942
South America and West Indies	60,188	63,132	66,031	66,425	65,416	58,670
Europe	141,537	145,188	156,978	173,057	179,824	173,074
Other Countries	35,323	38,702	40,908	39,877	51,199	56,065
Total	1,502,069	1,627,552	1,715,426	1,776,868	1,696,133	1,822,663

Source: Guatemalan Tourism Institute (INGUAT)

Restaurants

According to the Guatemalan Restaurant Council (GREGUA), over the past five years there has been an increase of almost 54 percent in sales. In 2006, sales totaled US\$1.3 million and in 2011, sales totaled approximately US\$2.1 million. The number of restaurants in 2011 had an increase of 14,600 units which represented a growth of 6.2 percent from 2010. Guatemala has around 14,600 restaurants from which 79.4 percent are formal restaurants; 4.2 percent are fast-food restaurants and 16.4 are informal restaurants. The majority of restaurants, 52 percent, serve Guatemalan traditional food restaurants, 30 percent are Chinese restaurants, 6 percent are U.S. food restaurants, 9 percent are international food restaurants, and 2 percent are Italian food restaurants. The Guatemalan cuisine is diverse but most local dishes include the main staple of the country: white corn.

The fast-food restaurant is a sector that has grown rapidly not only on their sales at their restaurants; and in the case of fast-food restaurants, sales increased also because of their home delivery services.

It is expected that by the end of 2012 at least 7 new franchises will be operating in the country. The most popular types of fast-food in Guatemala are: hamburgers, pizzas, tacos and fried chicken.

Fast-food restaurants are also an option for business people in Guatemala that now had to change their eating habits of eating breakfast and lunch at home to eat in restaurants nearby their work places and this opened the opportunity for this sector.

The Institutional Market

The following sectors are considered important within the institutional market in Guatemala and depend on the Government of Guatemala (GOG) for acquisition of food products:

- Government social programs
- Public hospitals
- Penitentiary system
- Public schools for their lunch feeding programs (when budgeted and approved.)
-

In Guatemala there are more than twenty social and sport clubs; most of them are located within Guatemala City. These clubs buy food and beverages from local importers/distributors, open air markets and wholesale markets. Many of the clubs rent their facilities for social activities like weddings, baby showers, etc. and are available not just for their members but also for non-members.

For additional information please refer to the HRI Report 2012 at www.fas.usda.gov/scripts/attacherep/default.asp

IV. BEST PRODUCT PROSPECTS

The following is a list of product categories with the best export potential for U.S. suppliers.

Product Category	2011 Market Size (Metric Tons)	2011 Imports (US\$ in thousands)	5-Yr. Avg. Annual Import Growth (%)	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for U.S. products
Meat & Edible Meat Offals	94,438	94,519	8.77	Immediate duty-free access for "prime" and "choice" cuts. Other cuts phased-out over 15 years. Duties on other products, including offal's phased-out over 5-10 years.	Competition from Nicaragua, Costa Rica and Honduras	<p>Of the 14 million Guatemalans, one-half million are in a position to afford imported goods, and an additional 4 million can afford competitive U.S. food products.</p> <p>Guatemalans view U.S. products as of higher quality and safer than local products.</p> <p>Importers are eager to take full advantage of CAFTA-DR and favor trading with U.S. exporters.</p>
Poultry Meat	76,571	54,997	8.97	All Central American tariffs on poultry and poultry products will be eliminated within 18 years. Chicken leg quarters are at 0% within quota.	Competition from: local production, Central American countries and Panama	
Processed Fruit & Vegetables	64,479	92,278	12.21	All U.S. vegetables are tariff free, except the following: Frozen Vegetables (10 yrs); Mixed Vegetables (5 yrs).	Competition from: Chile and Canada	
Dairy Products (excl. cheese)	62,490	109,181	4.47	Under CAFTA-DR dairy products will achieve free trade within 20 years. Duty-free TRQs expand at an annual compound rate of 5 percent. The over-quota tariffs on dairy TRQs remain at base rates for years 1-10th.	Costa Rica and Nicaragua offer competitive prices due to low transportation costs.	
Coarse Grains	713,975	232,104	10.76	Guatemala eliminates tariffs on yellow corn over ten years and receives a 190,509 MT duty-free TRQ growing by five percent		

				annually. The tariff on sorghum is eliminated over 15 years.		
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V. POST INFORMATION

If you need assistance exporting to Guatemala, please contact the U.S. Agricultural Affairs Office at the following address:

Office of Agricultural Affairs
Avenida Reforma 7-01, Zona 10
Guatemala, Ciudad 01010
Tel: (502) 2332-4030
Fax: (502) 2331-8293
Email: AgGuatemala@fas.usda.gov

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page: <http://www.fas.usda.gov>

VI. LIST OF MAJOR REGULATORY AGENCIES

Name: Licda. Gladys Arreola
Title: Director
Institution: Food Control Unit/Ministry of Health (MSPAS)
Address: 3 Calle final, 2-10 Zona 15. Valles de Vista Hermosa. Guatemala
Telefax: (502) 2369-8784 / 6
Website:
http://portal.mspas.gob.gt/direccion_general_de_regulacion_vigilancia_y_control_de_la_salud.html

Name: Lic. Guillermo Ortiz
Title: SPS Director
Institution: Norms and Regulations Unit/Ministry of Agriculture (MAGA)
Address: 7 Avenida 3-67 Zona 13, Guatemala City, Guatemala
Telephone: (502) 2413-7000
Website: <http://www.maga.gob.gt>

Name: Dr. Julio Cabrera
Title: Director OIRSA-SEPA-SITC
Institution: Inter-Regional Organism for Plant and Animal Health
Address: 21 Avenida 3-12, Zona 15, Guatemala
Telephone: (502) 2500-9200
Fax: (502) 2500-9349
Website: <http://www.oirsa.org/portal/Default.aspx>

Name: Lic. Alejandro Cutz
Title: CAFTA-DR Administrator
Institution: Foreign Commerce Administration Direction/Ministry of Economy
Address: 6 Avenida 10-43 Zona 1, Guatemala
Telephone: (502) 2412-0200
Website: <http://www.mineco.gob.gt/>

Name: Lic. Osmar Telon
Title: Director of Operations Unit
Institution: Superintendence of Tax Administration (SAT)/Customs Authority
Address: 7a Av. 3-73, Zona 9, Edificio Torre SAT, Guatemala City
Telephone: (502) 2329-7070
Website: <http://portal.sat.gob.gt/sitio/>

APPENDIXES

APPENDIX I STATISTICS

Table A. Key Trade and Demographic Information 2011

Agricultural, Fish & Forestry Imports from all countries (millions) / U.S. Market Share (%)	2,476 / (23)
Consumer Oriented Agricultural Imports from all countries (millions) / U.S. Market Share (%)	1,057 / (20)
Fish & Seafood Imports from all countries (millions) / U.S. Market Share (%)	71/ (5)
Total Population (millions) / annual growth rate (%)	14 / (2.0)
Urban Population (millions) / annual growth rate (%)	3 / (3.5)
Number of metropolitan areas	38/1
Per Capita Gross Domestic Product (U.S. Dollars)	5,100
Real GDP growth (%)	3.8
Unemployment rate (%)	4.1
Exchange Rate (US\$1 = X.X local currency)	Q7.87

1/ These are cities with more than 100,000 inhabitants

Source: Ministry of Economy
National Statistics Office
Central Bank of Guatemala
The World Fact Book

Table B. Consumer Food & Edible Fishery Product Import

Guatemala Imports	Imports from the world			Imports from the U.S.			U.S. Market Share		
	Millions of 2009	2010	\$US 2011	Millions of 2009	2010	U.S. 2011	Percent 2009	2010	2011
CONSUMER-ORIENTED	802	937	1,057	206	233	280	26%	25%	26%
Snack foods (excl. nuts)	71	73	89	8	9	13	12	13	14
Breakfast cereals & pancake mix	45	75	69	3	3	4	7	4	5
Red meats, fresh/chilled/frozen	27	32	37	16	27	31	60	84	84
Red meats, prepared/preserved	29	30	33	13	13	15	46	42	46
Poultry meat	45	51	55	38	42	48	85	83	88
Dairy products (excl. cheese)	90	106	109	5	7	8	5	6	7
Cheese	23	29	34	7	12	14	30	40	40
Eggs & products	5	4	6	3	2	5	57	54	83
Fresh fruit	36	42	44	22	24	25	60	57	58
Fresh vegetables	7	10	10	1	1	1	17	15	12
Processed fruit & vegetables	64	75	92	30	32	41	46	43	44
Fruit & vegetable juices	21	21	23	6	6	7	31	29	30
Tree nuts	1	2	3	0	0	1	61	43	68
Wine & beer	11	13	16	0	0	1	4	5	8

Nursery products & cut flowers	3	3	3	0	0	0	13	14	12
Pet foods (dog & cat)	11	13	15	6	7	6	52	54	45
Other consumer-oriented	314	355	418	47	45	58	15	13	14
FISH & SEAFOOD PRODUCTS	36	67	72	5	7	7	15	10	10
Salmon	0	2	0	0	1	0	59	86	71
Surimi	0	0	0	0	0	0	0	0	0
Crustaceans	8	12	19	2	2	2	24	13	9
Groundfish & flatfish	0	0	0	0	0	0	57	28	21
Molluscs	1	1	1	0	0	1	58	67	75
Other fishery products	26	52	50	2	2	3	9	4	7
AG PRODUCTS TOTAL	1,700	1,942	2,345	785	920	1,147	46	47	49
AG FISH & FOREST TOTAL	1,782	2,064	2,476	801	940	1,161	45	45	47

Source: World Trade Atlas

Table C. Top 15 Exporters of Consumer-Oriented and Edible Fisheries

Consumer-Oriented Total (Thousands \$US)				Edible Fishery (Thousands \$US)			
	2009	2010	2011		2009	2010	2011
United States	206,433	232,856	280,843	Ecuador	5,712	4,063	17,650
El Salvador	139,528	171,523	187,712	Mexico	439	1,145	13,367
Mexico	115,248	158,398	172,398	Panama	8,783	24,352	13,176
Costa Rica	125,174	141,221	152,413	Costa Rica	4,701	5,750	7,489
Honduras	35,924	35,293	42,546	United States	5,512	6,596	6,943
Nicaragua	40,104	38,443	38,621	Nicaragua	3,823	15,064	3,985
Chile	23,613	32,246	36,531	Thailand	2,734	3,113	3,373
New Zealand	15,181	15,124	17,090	Honduras	433	3,604	2,256
Netherlands	15,864	12,687	13,195	Colombia	624	792	1,143
Australia	12,142	10,885	12,897	China	169	244	695
China	6,554	11,355	12,080	El Salvador	400	535	658
Spain	8,291	8,672	9,687	Vietnam	569	456	430
Panama	11,522	9,645	8,859	Spain	226	184	202
Germany	5,504	6,388	8,852	Peru	0	121	135
Brazil	6,297	7,980	8,223	France	0	0	133
World	802,420	937,226	1,057,959	World	35,716	67,587	71,856

Source: World Trade Atlas